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France

Retail Foods

Retail Food Sector

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Report Highlights:

In 2011, consumers spent approximately 13 percent of their budget on food and beverage purchases. Approximately 70 percent of household food purchases were made in hyper/supermarkets, and hard discounters. As a result of the economic situation in France, consumers are now paying more attention to prices. This situation is likely to continue in 2012 and 2013.

Post:

Paris

Author Defined:

Average exchange rate used in this report, unless otherwise specified:

Calendar Year 2009: US Dollar 1 = 0.72 Euros

Calendar Year 2010: US Dollar 1 = 0.75 Euros

Calendar Year 2011: US Dollar 1 = 0.72 Euros

(Source: The Federal Bank of New York and/or the International Monetary Fund)

SECTION I. MARKET SUMMARY

France's retail distribution network is diverse and sophisticated. The food retail sector is generally comprised of six types of establishments: hypermarkets, supermarkets, hard discounters, convenience, gourmet centers in department stores, and traditional outlets. (See definition Section C of this report). In 2011, sales within the first five categories represented 75 percent of the country's retail food market, and traditional outlets, which include neighborhood and specialized food stores, represented 25 percent of the market.

In 2011, the overall retail food sales in France were valued at \$323.6 billion, a 3 percent increase over 2010, due to price increases. Hyper/supermarkets and hard discounters represented food sales value of \$248.6 billion, convenience, gourmet, and frozen food stores \$18.1 billion and traditional outlets \$56.9 billion.

After three difficult years, in 2011, the overall volume food sales in France remained. Last year was considered an important year for the retail food sector. First, because of the large retailers' emerging "drive-thru" service, and secondly, decreased sales during the second quarter which encouraged large retailers to expand their private labels offer, as well as invest further in smaller format stores.

Major French Imports of Selected Agricultural and Food Products, Total and United States, Calendar Years, 2007-2011 (in millions USD)

	2007		2008		2009		2010		2011	
In U.S. \$ Million	Total	USA								
Animal (including marine products)										
Meat and offals	4,889	31.1	5,614	34.3	5,279	6.9	5,204	4.3	5,781	7.4
Fish and Seafood	4,225	222.4	4,469	231.5	4,319	215.9	4,732	238.6	5,186	300.2
Milk products, including eggs	3,497	14.1	3,644	17.1	3,303	5.4	3,541	7.8	4,140	22.9
Vegetable Products										
Vegetables	3,065	27.2	3,317	28.6	2,931	26.2	3,188	28.1	3,142	27.6
Fruit	4,227	185.7	4,996	185.6	4,284	164.4	4,432	166.5	4,537	195.4

Coffee, tea, spices	1,407	1.2	1,997	2.0	1,997	0.5	2,039	0.7	2,739	1.1
Rice	373	2.1	548	4.2	504	3.4	432	3.4	505	4.0
Corn	339	20.0	287	36.9	329	42.5	254	19.1	288	14.7
Animal and vegetable fats Including oils	2,247	9.5	3,775	10.3	2,609	10.5	2,405	11.5	3,275	33.4
Food industry products/canned and dry grocery products										
Canned and prepared meat and fish	1,795	7.2	2,157	8.1	2,018	7.6	1,874	10.2	2,104	11.9
Sugar and sweet foods	1,183	6.1	1,212	3.5	1,081	7.3	1,015	6.3	1,189	9.3
Cocoa based foods	2,549	2.5	2,903	1.6	2,830	0.1	2,944	0.1	3,309	1.3
Cereal based foods	2,812	5.4	3,524	6.2	3,248	4.0	3,085	6.1	3,533	9.2
Preparations of fruits, vegetables, nuts and other parts of plants, incl. Jams, fruit purees and fruit juices	3,488	55.6	4,078	52.2	3,840	55.0	3,703	54.7	4,237	67.5
Other prepared foods Including mustards and sauces	2,006	24.4	2,325	29.4	2,267	30.4	2,274	30.8	2,596	34.2
Beverages, including wines, spirits, alcohols and vinegar	3,424	100.6	3,925	112.1	3,628	124.3	3,549	156.0	4,212	197.9
Animal feeds	2,393	15.7	3,509	56.4	2,941	10.2	2,865	96.5	3,098	32.8

Source: Global Trade Atlas/French Customs (Direction Nationale des Statistiques du Commerce Extérieur – DNSCE)

Some Definitions

- a. Hypermarket: Stores with more than 2,500 sq.m. (25,000 sq.ft) selling a wide variety of food and non-food items.
- b. Supermarket: Stores with between 400 sq.m. and 2,500 sq.m. (4,000 to 25,000 sq.f) selling a wide variety of foods and non-food household goods.
- c. Hard discounters: Small supermarkets with a limited range of low cost products, often private label.
- d. City Center Store/Superette: Stores with less than 400 sq.m. (4,000 sq.ft) selling food and basic non-food household goods.
- e. Neighborhood Store: Stores located within cities selling a wide variety of food, specialty foods and non-food items.
- f. Specialized Food Store: A unique concept of retail stores selling a variety of food including frozen entrees/hors d'oeuvres to desserts.
- g. Gas Marts: Gasoline stations generally equipped with small, self-service food stores.

- Expected growth rate of the overall food retail market and sub-sectors:

Due to increase in unemployment (9.9 percent expected at the end of 2012), and the economic crisis, the French economy is expected to slowdown in 2012 with a growth limited to 0.4 percent (compared to 2 percent in 2011). According to the National Institute for Economic Statistics (INSEE), GDP French in 2012 was stagnant during the first six months; the growth may reach 0.1 percent during the third quarter and 0.2 percent in the last quarter of the year. The French purchasing power is expected to decrease by 1.2 percent in 2012, its more important decline since 1984. Consequently, price will remain

the number one priority for food purchases. The majority of consumers will continue to prefer hyper/supermarkets private labels, while others will let competition play between outlets and some may prefer to buy branded products in lesser quantities to better balance their food budget.

Consumers also appreciate the fidelity programs offered by supermarkets to attract regular customers. Promotions are considered less attractive. Cheaper products are preferred long-term rather than grouped promotions. Eco responsible behavior is increasing and if only 15 percent of consumers choose their products according to this criterion, 85 percent are sensitive to it: tendency is to “100-miles diet”, regional products, fair trade, recycle packaging, and environment impact.

The overall number of hyper/supermarkets outlets decreased over the past years, but their surface area have expanded to average 232 square meters. In the meantime, hard discounters strongly developed, especially the Dutch stores (Aldi, Lidl and Norma) extending their sales area by about 50 percent, compared to 30 percent for French hard discounters.

Over time, local factors have influenced the development of traditional outlets. Between 1993 and 2000, traditional outlets lost market share, but since it was tended to stabilize and even increase for certain types of stores, such as fruits and vegetables, beverages, and grocery products stores. This trend is expected to continue in 2012.

- Trends in distribution channels and number/type of retail outlets:

France’s major retailers, by 2011 sales, are the following: Carrefour, Leclerc, ITM Entreprises (Les Mousquetaires), Auchan, Systeme U, Casino, and Cora. In 2011, food sales of the top food retailers were valued at \$249 billion. Hyper and supermarkets were the leading retailers in France with 74 percent food sales.

Hard discounters gained ground against hyper/supermarkets to reach 14 percent market share in 2011. This was due to food price increase, and consumer concerns as to decrease in their purchasing power.

Major French Food Retailers, Number of Stores by Type:

Type of Store	2010	2011
Hypermarkets	1036	1194
Supermarkets	3913	5020
Hard Discounters	4332	4707

Source: Lineaires

- Trends in services offered by retailers such as ready-to-eat-to-cook prepared foods, take out (home meal replacements), home/office delivery (eating in between), internet sales, and restaurants and other businesses located in the supermarket:

For several years, hyper/supermarkets have taken over the restaurant/fast-food market share, by selling ready-to-eat products, such as roasted meats, fresh-baked bread, and pastries. Increased competition

from hard discounters forced hyper/supermarkets to develop lines of discounted products. Large retailers increased their development of private branded products to capture more value in-house. The French legislation of 2006, which limited the number of new hypermarket/supermarket openings prompted large stores to expand their existing surface area. After complaints from traditional outlets that this new measure benefitted existing hyper/supermarkets, a 2008 modification of the legislation included in the “Loi de modernisation de l’économie” (LME), allowed the opening of new stores under 1,000 square meters. The LME also enacted a reform for the development of competition for the benefit of consumers, thus permitting suppliers and retailers to negotiate purchasing prices. This reform called “Loi Chatel” was aimed at increasing household purchasing power, reduce retailer margins and sales prices.

In spite of the efforts spent by retailers to develop E-food sales (numerous websites, drive-thru service, and home delivery), food internet sales represented only 2 percent of total food sales, valued under 1 billion dollar in 2011. Prospects are good for expected increase of this concept.

Advantages, Opportunities, and Challenges U.S. Products Face

Advantages/Opportunities	Challenges
Approximately one French household out of three can afford imported food products from third countries.	Lack of brand and variety awareness of U.S. food products by consumers.
The food retail industry is looking for new imported food products.	Introduce new-to-market brands and products: U.S. suppliers and importers must work closely with retailers to expand existing product lines.
American food and food product remain quite popular.	U.S. suppliers must comply with European and French regulations.
Efficient domestic distribution systems.	Domestic and intra-EU imports dominate the supply chain.
Consumers demand quality, innovative, healthy products.	U.S. suppliers adapt products must adapt to French consumers’ tastes and expectations.
Changing lifestyles, demographic changes, and the economic crisis fuel growth in the retail sector.	U.S. products must adapt to French consumers’ needs regarding price, practicality, variety, quality, and packaging.

SECTION II. ROAD MAP FOR MARKET ENTRY

1. Entry Strategy

The most common method of market entry is using an importer to place your product in the market. Thus, it is important to establish a relationship with an importer and, to do so, you must provide a product promotion kit, to include samples and prices. The importer will verify that your product meets

EU import requirements, such as labeling and ingredient regulations and will verify your financial reliability. If interested, the importer will engage in price negotiations.

FAS Paris maintains a list of importers for your use. A directory of European importers “American Foods in Europe – Your Guide to European Importers of U.S. Food and Beverage Products” is also available online at: <http://www.american-foods.org/>

Importers place products with retail stores and with central purchasing offices. It is common for large retailers to participate in a central purchasing office to share the costs of purchasing and distribution. The central purchasing office buys products direct as well as from importers and distributors and provides them to retail outlets.

- **Central Purchasing Offices/Buying Groups:**

Major food retailers buy products from central buying offices. These offices usually source products, handle import (customs) formalities, logistics, supply, maintenance, delivery, and sometimes pricing and labeling for their retail customers. They insure that foreign-sourced products meet all import requirements, including food labeling, packaging, and other market specifications. The goal for a U.S. exporter is that its product meets all the import requirements and that the central buying office includes it in its product catalogue. Food retail buyers use this catalogue to make purchases for their stores. (See “Building a relationship with hyper/supermarket’s central buying office or purchasing department” below).

Tips:

In order to present a product to a central buying office, a U.S. supplier should:

- ◆ Submit product description and price quotations;
- ◆ Submit products for laboratory testing;
- ◆ Determine sanitary/health certification and other import documents requirements

- **General Import Requirements:**

For products exported to France, the following general requirements apply:

Labels should be in French with the following information:

- ◆ Product definition;
- ◆ Shelf life: indicated “used by” and “best before” dates and other storage requirements;
- ◆ Precautionary information or usage instructions, if applicable;
- ◆ Statement of contents: Ingredients, weights, volumes, etc., in metric units. All additives, preservatives and color agents must be noted on the label with a specific group name or “E” number;
- ◆ Country of origin and name of importer or vendor within the EU;
- ◆ Manufacturer’s lot or batch number.

You will find additional [labeling rules](#) on food allergens and nutritional products, packaging, container, food additives regulations and trade barriers.

- **Building a Relationship with a Hyper/Supermarket’s Central Buying Office or Purchasing Department:**

Stages / Goal	Action	Follow-Up
Stage 1 – Create interest in your product. The goal is to be listed or referenced in a buyer’s catalog.	Send a product promotion kit to appropriate buyer who transmits it to the marketing department who may ask for samples: If interested, meeting with supplier requested.	With additional information on companies and factories, sanitary certificates, ISO, HACCP certificates – Prices are not necessary at this stage.

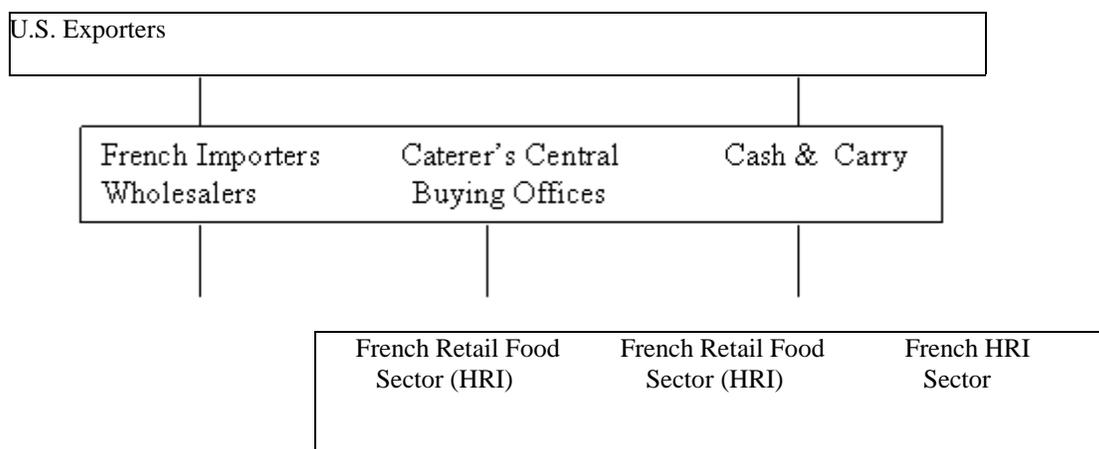
Specialized importer/distributor:

An importer can offer several advantages to a U.S. supplier: market insight, information about competitors, and established retail business connections.

Stages / Goal	Action / Means
Stage 1 – Establish a contact	Send a product promotion kit with samples; indicate prices
Stage 2 – Check the supplier’s reliability	The importer verifies that the manufacturing plants meet standards and regulations as well as the financial reliability of the supplier
Stage 3 – Commercial offer	Price negotiations and discounts for large quantity purchases. Define logistical requirements. An exclusive contract is usually for three years.
Note: - The price needs to be included with the file when building a relationship with an importer, while it is not necessary in building a relationship with a hyper/supermarket.	

2. Market Structure

Distribution Chanel Flow Diagram



U.S. exporters can gain market entry to the retail service sectors in several ways: through representation by an importer, through having their products placed in a central purchasing office catalog and by selling to cash and carry outlets. Food buyers use central buying offices, importers and cash and carry dealers to procure their products.

A. HYPERMARKETS, SUPERMARKETS AND HARD DISCOUNTERS.

Company Profiles

1. Major Hyper/Supermarkets/Hard Discounters (billion USD) CY 2011

Retailer Names/Groups and Outlet Type	Ownership	Sales in CY 2011 (in France and incl. E-Commerce)	Location	Purchasing Agent Type
Carrefour (Hyper/Supermarkets + convenience stores)	French	48.9 (without tax)	France + foreign countries	Importers
E. Leclerc (Hyper/supermarkets, convenience stores)	French	52.5 (including tax)	France + Europe	Central Buying office
Inrermarche (Les Mousquetaires) (Supermarkets, hard discounter, and convenience stores)	French	38.7 (including tax)	France + foreign countries	Central Buying Office
Groupe Auchan (hyper/supermarkets, + convenience stores)	French	27.6 (without tax)	France + foreign countries	Direct
Systeme U (Hyper/supermarkets and convenience stores)	French	29.3 (including tax)	France	Direct
Groupe Casino	French	26.0 (without tax)	France +	Central Buying

(Hyper/supermarkets, hard discount + convenience stores)			foreign countries	Office
Cora (Hyper/supermarkets)	French and Belgian (Groupe Louis Delaize)	8.5 (including tax)	France and Europe	Importers
Lidl (Hard discounter)	German	7.8 (without tax) – Estimate	France + Europe	Central Buying Office
Aldi (Hard discounter)	German	3.8 (without tax – Estimate)	France + foreign countries	Central Buying Office
Dia/Ed (Hard discounter)	Spanish	3.3 (without tax)	France + foreign countries	Central Buying Office
Norma (Hard discounter)	German	0.5 (without tax)	France and Europe	Central Buying Office

Source: Lineaires/Panorama Trade Dimensions 2012

2. Major Hyper/Supermarkets and Hard Discounters by Number of Stores, CY 2011 (*)

Hypermarkets

Supermarkets

Hard discounters

Outlet Name	Number of Stores	Outlet Name	Number of stores	Outlet Name	Number of Stores
E. Leclerc	486	Intermarche Super	1340	Lidl	1626
Carrefour	243	Carrefour Market	969	Dia/Ed	916
Auchan	141	Franprix	892	Aldi	910
Geant Casino	118	Super U	746	Leader Price	595
Intermarche Hyper	85	Simply Market/Atac	393	Netto	354
Hyper U	62	Casino	393	Le Mutant	171
Cora/Record	59	Monoprix	287	Norma	135

(*) Classification was made by outlet name concepts and not surface area.

Source: Lineaires/Panorama Trade Dimensions 2012

3. Number of Drive-Thru Service, CY 2011

Outlet Name	Number
E. Leclerc	169
Casino	101
Carrefour	95
Auchan Drive	63
Chronodrive (Auchan)	46
Intermarche	43
Cora	33

Source: Lineaires/Panorama Trade Dimensions 2012

1. Major Food Retail Outlet Profiles

Groupe Carrefour:

The French group Carrefour is the world's second largest retailer, after Wal-Mart, and the largest in Europe. Created in 1959 in southeast France, Carrefour grew rapidly into international markets with stores in 30 countries (Europe, Asia, South America, and North Africa). Carrefour sales in France in 2011 were 35.2 billion euro (\$48.9 billion). Carrefour has store formats such as supermarkets, convenience, and city center stores, all under the name of Carrefour (Carrefour Market, Carrefour Express, Carrefour City) depending on their location, rural or downtown, their sales area. In 2011, Carrefour released its hard discount DIA which became independent, although it still benefit from Carrefour's central buying office.

Although 80 percent of Carrefour private labels are locally sourced, the outlet is looking for new, innovative American oriented food products. Carrefour does not import directly. It works strictly through importers. FAS Paris can provide you with a list of French importers/distributors working with Carrefour.

E. Leclerc:

E. Leclerc is second largest retailer in France, with sales totaling 37.8 billion euro (\$52.5 billion) in 2011. Leclerc is a group of independents. Most of the outlets are hypermarkets covering over 30 percent of the total number of hypermarkets and representing 74 percent of the total sales of the outlet. Leclerc's focus on low prices and development of specialized sales concepts, such as parapharmacy, cultural space, mobile phone, and a travel agency makes this outlet attractive to the customers. The drive-thru service is expected to increase to forecast 304 by the end of 2012. Leclerc is present in Europe and sources food products thru its central buying office.

Leclerc's clients are diverse. They range from students to retiree as well as households with children.

Intermarche, Les Mousquetaires:

Intermarche, Les Mousquetaires chain is focused on low prices, proximity, and smaller scale stores. Intermarche is a group of independents with stores in Europe and the following foreign countries: Canada, South Africa, Switzerland, Australia, and China. Intermarche is the third largest group in sales. Total sales in 2011 were 27.9 billion euro (\$38.7 billion), from which 75 percent were food products. Most of Intermarche's outlets are supermarkets, a few city center stores, and 85 hypermarkets (4 percent of total French hypermarkets). Intermarche has hard discounters (Netto) and a cafeteria. Half of Intermarche's food products are private labels, and 70 percent are either French or European origin – there are very few foreign suppliers, although they are opened to expanding to international foods. Intermarche imports from their central buying office, but may occasionally buy direct from the supplier. FAS Paris can provide you with a list of Intermarche buyers.

Customers who shop at Intermarche are diversified. The group has recognized that seniors are regular customers looking for good quality foods thru private labels, at a 25 percent cost less than branded products.

Groupe Auchan:

Group Auchan is a family company owned by the Mulliez family and the Schiever Group. Auchan follows a progressive and controlled international growth policy and concentrates its investments on priority development areas in most of Europe and Asia. Auchan is present in 12 countries. Total sales in 2011 were 19.9 billion euro (\$27.6 billion). Auchan has hyper, supermarkets, as well as a few convenience and gourmet stores under the names of EasyMarche, Galeries Gourmandes, Partisans du Gout, A 2 pas, and Coeur de nature. Auchan also offers real estate (Immochan) and banking financial products and services (Banque Accord). Private labels represented 25 percent of total food sales in 2011. Auchan is always looking for extending its line of private label products, especially in the areas of beverages, coffee, fish, fruit juices, biscuits, and snack foods. Auchan group imports direct and is opened to market promotions. If U.S. suppliers are interested, FAS Paris can provide a list of buyers.

Clients at Auchan are diverse. Although the group carries the same brands all over its stores, they also adapt to the region where the stores are located to offer local/regional or ethnic products. In Paris area and southern France, Auchan offers Halal foods.

Systeme U:

Systeme U is the sixth largest retailer in France in terms of sales and the fifth largest retailer in terms of stores. In 2011, Systeme-U total sales in their hyper/supermarkets and convenience store were valued at 21.1 billion euro (\$29.3 billion). U brand private label expansion is a priority for the group with the sourcing of new products such as wine, fruit juices, frozen ready-to-eat foods, ethnic foods, and seafood. Systeme-U is a good client for Alaska seafood. Systeme-U imports directly from the seller, especially for private labels. For a list of Systeme-U's buyers, please contact FAS/Paris.

Systeme-U clients are diverse. Systeme-U outlets are considered as proximity stores and the group is looking at expanding its drive-thru service to increase its clientele.

Groupe Casino:

In 2011, Casino total sales were 18.7 billion euro (\$26.0 billion). Casino is present in France and foreign countries with hyper/supermarkets and proximity/convenience stores: Franprix, Petit Casino, Casino Shopping, Casino Shop, Vival, Spar, Chez Jean, Casitalia, Via Italia, and Eco Services. Casino's hard discounter Leader Price represents 17 percent of the total French hard discounters. Casino Group source food products thru their buying office and they are looking for innovative food products not sold by competitors, innovative in terms of packaging, functional foods, as well as food products for their private label. U.S. suppliers interested by selling to Casino may contact FAS/Paris for list of central buying office contacts.

Cora:

Cora is part of the Belgium group LouisDelhaize and has hypermarket/supermarket stores in France and Europe. Cora which was until 1974 part of the Carrefour Group has hypermarkets and supermarkets (Cora, Match, and Record) located in French regions. Cora's sales in 2011 amounted to 6.1 billion Euros (\$8.5 billion). Cora buys products through Provera their Central Buying Office which sources food products from importers.

Note: Generally, for all retail food outlets, clients profiles vary according to the type of outlet (hyper, supermarket or convenience store), its location (large/small cities), and the region in France where the outlet is located.

B. CONVENIENCE STORES, GAS MARTS

Company Profiles

1. Convenience Stores

Convenience stores fall under the category of small supermarkets (superettes), are generally located in small cities, and frequently opened every day (including Sunday). In 2011, there were approximately 18,000 outlets and this number is expected to rise in coming years with more new concept stores. Convenience stores are often affiliated with large retailers. The main operators in this segment are:

- ◆ Francap
- ◆ Carrefour
- ◆ Casino
- ◆ Systeme-U

Major Convenience Stores by Sales CY 2011

Retailer Name & Market Type	Ownership	Sales Million Dollars	Number of Outlets	Locations	Purchasing Agent Type
Francap (Small supermarkets/proximity city stores): <ul style="list-style-type: none"> • Coccinelle • Colruyt • CocciMarket • G20 • Viveco • Diagonal • Sitis • Panier Sympa • Votre Marche • Rapid' Market 	French	1458 (including tax – Estimate)	107 58 514 132 180 40 69 137 230 27	France : Small cities mainly outside Paris and area	Importers
Carrefour: (small supermarkets/proximity city stores): <ul style="list-style-type: none"> • Groupe Provencia • Grands Magasins Labruyere • Carcoop 	French	1,221 562 792	35 5	All over France Southeast Southeast Western France	Importers Buying Office Buying Office Buying Office

<ul style="list-style-type: none"> Groupe Bernard Hayot 		597	6 8	French Overseas Territories & departments	Central Buying office
Casino: <small>(small supermarkets/proximity city stores):</small> <ul style="list-style-type: none"> Monoprix Vindemia Sherpa Groupe Caille Groupe Bernard Hayot Ho Hio Hen 	French	5,480 1,239 100 394 139 458	439 46 104 25 15 70	France French overseas territories French Alps & Pyrenees French Overseas Department (La Reunion) French overseas territories & departments French overseas departments	Importers Central buying office Local producers & importers direct Central Buying Office Central buying office Central buying office
Systeme-U: <small>(small supermarkets/proximity/city stores):</small> <ul style="list-style-type: none"> Coop Atlantique Le Mistral Coop de Normandie-Picardie 	French	1,260 253 1,226	281 271 244	Western France South France West and southwest France	Central Buying Office Central buying office Central Buying office

Source: Lineaires/Panorama Trade Dimension 2012

Francap Distribution:

Independent small supermarkets, proximity/city stores of the group (Coccinelle, Colruyt, CocciMarket, G20, Viveco, Diagonal, Sitis, Panier Sympa, Votre Marche, and Rapid'Market) are managed by Francap Distribution. Francap not only operates these outlets but also acts as an advisor as to food purchases (mainly private labels) and negotiations with food suppliers. Francap may be interested in non-genetically engineered foods and beverages, grocery items, and frozen foods. Francap buys only through importers. Please contact FAS/Paris for Provera and Francap contacts.

Groups affiliated with Carrefour:

- **Groupe Provencia:**

This group operates 35 Carrefour small supermarket outlets: 4 Carrefour, and 31 Carrefour Market mainly located in Southeast France (region Rhone-Alpes). Product sourcing for Provencia is through a central buying office, which works with importers.

- **Grands Magasins Labruyere:**

This group operates 5 Carrefour small supermarket outlets: 4 Carrefour and 1 Carrefour Market located in southeast France (region Rhone-Alpes). Product sourcing for Grands Magasins Labruyere is through a central buying office, which works with importers.

- **Carcoop:**

This group operates 6 small supermarkets Carrefour located between the Loire and the Garonne (western France). Product sourcing for Carcoop is through a central buying office which works with importers.

- **Groupe Bernard Hayot:**

This group operates 8 small supermarkets Carrefour located in French overseas territories and departments. Product sourcing for Groupe Bernard Hayot is through a central buying office which works with importers.

Groups Affiliated with Casino:

- **Monoprix:**

This group operates city stores throughout France under the following names: Monoprix; Inno; Monop''; Daily Monop; Monop' Station; Monop' Store; Beauty Monop and Naturalia. Monoprix is looking to enhance its image, it offers organic, fair trade or sustainable food products. Monoprix offers a range of quality and innovative food products priced generally higher than its competitors. Monoprix is opened to U.S. products and looking for innovative GE free products. The group works only with importers. FAS/Paris can supply with Monoprix buyers' contacts to U.S. suppliers upon request.

- **Vindemia:**

This group operates stores in French overseas territories under the following names: Jumbo, Score/Jumbo, Spar, and Cash. Vindemia sources its products through a central buying office which works with importers.

- **Sherpa:**

This group operates mainly in the Alps and Pyrenees regions (southeast and south France) with 104 small supermarkets under the name, Sherpa. Sherpa sources its products through local producers and importers directly.

- **Groupe Caille:**

In addition to 2 hypermarkets and 20 hard discounters, the group operates stores in French overseas departments, mainly La Reunion, with 3 Cash Oi small supermarkets plus 2 Geant Casino and 20 Leader Price. The group sources food products through a central buying office.

- **Groupe Bernard Hayot:**

In addition to one hypermarket and 7 hard discounters, the group operates 4 small supermarkets Casino and 3 Vival proximity/city center stores in French overseas territories. The group works with a central buying office and importers to source food products.

- **Ho Hio Hen:**

In addition to 4 hypermarkets, and 59 hard discounters, the group operates 7 small supermarkets under the names of Casino, and Super H, mainly in French overseas departments.

Groups affiliated with Systeme-U:

- **Coop Atlantique:**

This group operates small supermarkets and city center stores under the names of Super U, U Express, Ecofrais, ED, “1000 Frais” and Coop in western France. Product sourcing are through central buying offices working with importers.

- **Le Mistral:**

The group operates small supermarkets under the names of U Express and Utile mainly in south France. It sources its products through a central buying office.

- **Coop de Normandie-Picardie:**

The group operates small supermarkets under the name of Super U, U Express LM, Point Coop, and C Express in western France (Normandy) and the southwest. They source food products through their central buying office and carries 75 percent of food products under their private label.

2. Gas Station-Marts

Gasoline companies, having lost about 60 percent of their gas sales to stations found at hypermarkets, have equipped their gas stations with small, self-service food stores (8 a 8 for BP and Carrefour for Total). There are approximately 430 stores throughout France. These outlets are frequently used for stop-gap purchases and accounted for about 1 percent of French food sales in 2011.

C. TRADITIONAL OUTLETS (NEIGHBORHOOD, SPECIALIZED FOOD STORES, OPEN AIR MARKETS AND INTERNET SALES)

Sub-Sector Profile

1. Neighborhood Stores

Neighborhood Stores are smaller and independent stores. These outlets have slightly increased since

2002. Most of them are specialized food outlets (bakeries, butchers and fish shops, groceries), they are located both in urban and rural areas. While neighborhood stores in rural areas tend to decrease, these outlets totaled 78,000 stores in 2011, as per the French National Economic Statistics (INSEE). Their sales represent about 20 percent of the French food sales and their products are sourced from wholesalers and wholesale markets. Customers of neighborhood stores are generally medium to high class.

Traditional grocers include gourmet stores, such as Fauchon, Hediard, La Grande Epicerie, Galerie Gourmande, which carry a wide range of imported products. They are located in large and medium-sized cities and attract high-income consumers. There are approximately 200 outlets in France, which offer U.S. exporters easier market entry for their products. The drawback is they have a tendency to purchase smaller quantities, and they work directly with importers.

3. Specialized Food Stores

- **Grand Frais**

A network of 125 stores of no more than 950 sq.m., and mainly located in southern France with a few stores in the Paris area. Created in the 1980's to offer consumers quality at moderate prices for fruits and vegetables, fish, world food grocery, butcher-delicatessen and dairy products, Grand Frais' total sales in 2011 were \$1,042 million. Grand Frais works directly with importers.

- **Picard Surgeles & other frozen food stores**

Despite strong competition in the frozen food sector from hyper/supermarkets, Picard surgeles is the leading frozen food retailer in France for home consumption, with a 21 percent market share, 878 outlets, and sales in 2011 were valued at \$1.7 billion. Picard sells high-end frozen products and offers opportunities for U.S. suppliers of fish and seafood, frozen fruits and vegetables, fruit juices, and prepared specialty meals for private label. Picard works directly with importers and U.S. suppliers interested should contact FAS/Paris for buyers' names.

Toupargel is the second largest frozen food retailer in France, after Picard, and the leader for frozen food home deliveries, before Thiriet, Maximo, and Argel. In 2011, Toupargel sales were \$471 million. Toupargel offers opportunities primarily for U.S. suppliers of fish and seafood. Toupargel has an Internet website, Place du Marche, for consumers to place orders.

- **Biocoop**

Biocoop is a network of specialized organic, fair trade, and ecological products including food and non-food products. Biocoop has 328 stores throughout France and total sales in 2011 amounted to \$694 million. Biocoop sources its products through different buying offices.

- **Open Air Markets**

Originally in France open air markets were for the sale of local garden productions for fresh fruits and vegetables, as well as other products locally produced such as meat, poultry and dairy, and at lower costs since there were no packaging, transportation and middlemen. Nowadays, these local producers still exist on open air markets, but large producers and store holders (butchers, poultry and cheese stores) also joined the traditional local producers, especially in larger cities. However, the open air markets offer different products depending of their geographic location. No detailed statistics are available for this small market segment.

- **Internet Sales of Food Products and Beverages**

Globally e-commerce is progressing (30 percent yearly), however, internet food and beverage sales represent about one percent of the total food and beverage household purchases, for a value under one billion dollar. The E-commerce for foods is an easy way for women with children, or handicapped people to order heavy products, but customers often contest the lack of innovation in products and services as well as higher prices.

SECTION III. COMPETITION

Most exporters within the EU conduct market promotion activities in France. Products such as fresh or preserved fruits and vegetables, wine, beer, fish and meat are commonly promoted in trade shows, advertisements and supermarkets. Third countries promoting food products in France include Norway, Israel, Morocco, South Africa, Argentina, Brazil, and Canada.

Retail Food Sector: Overall Competitive Situation Facing U.S. Suppliers, CY 2011

Product Category and volume/value imports from the U.S.	Major Supply Sources & percentage of total French imports in volume	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Fruit and nuts, including tropical fruit and citrus Net imports: 49,524 tons \$ 195.4 million	A. Spain (41%) B. Italy (8%) C. Cameroon (5%) USA – Minor supplier (1.6% share)	A & B: Spain & Italy are EU countries and price competitive as well as geographically close. Italy mainly supplies grapes, while Spain has a wider range of fruits to offer including citrus. South Africa and Israel also supply citrus to France – C: Cameroon is a supplier of fruits and bananas and has a lot of French subsidiary companies. However, Morocco, Ivory Coast and South Africa are also France’s key suppliers, and have a market share close to Cameroon.	Locally, there are very marginal local production for nuts and citrus and none for tropical fruits. France is only a producer of walnuts and mainly for national consumption. Nuts imported from the USA represent 2 percent of total nut imports. France is an attractive market for the USA but the competition is tough.
Fish and Seafood Net imports: 52,294 tons	A. Norway (13 %) A. United Kingdom (10%) A. China (8%)	A & B. Norway dominates the market with 111,097 tons imported, the U.K. is also a strong supplier to France, mainly for the food service market.	Local resources in fish and seafood do not satisfy increasing demand. USA is a major supplier

\$ 300.2 million	USA – Major supplier (6% share)	C. France imports from China panga fish sold in frozen fillet at Carrefour or Picard. Other fish imports are from Spain and Ireland.	to France, especially for salmon and tuna.
Canned and prepared meat and fish Net imports: 590 tons \$ 11.9 million	A. Germany (18%) A. Spain (13%) A. Belgium (7%) USA – Minor supplier (0.2% share)	A, B & C. Germany, Spain and Belgium are price competitive, geographically close and part of the European Union.	Local companies are strong in prepared meat and fish although their number declined over years. They also are affected by rising production costs.
Preparations of fruits, vegetables, nuts, including jams, fruit purees and fruit juices. Net imports: 17,771 tons \$67.5 million	A. Belgium (17%) A. Spain (13%) A. Germany (12%) USA – Minor supplier (2% share)	A. Belgium dominates the market with preparation of vegetables other than tomatoes (Italy and Spain) B & C. Spain supplies France with prepared fruits, fruit juices, and nuts; and Germany with mushrooms, as well as fruit juices. Fruit juices are also imported by Spain and Brazil, the United States represent a 2% market share. USA market share for nuts imports is close to 2%.	There are approximately 1,100 local companies in the sector of canned fruits and vegetables, including a few major groups and regional canners. France is not a producer of fruit juices except for a few home-made products. Fruit juices are an attractive market to U.S. suppliers, although competition is tough.
Prepared foods including sauces, condiments, seasonings, mustards and ice creams Net imports 5,864 tons \$34.2 million	A. Germany (20%) A. Belgium (14%) A. Italy (11%) A. Spain (11%) USA – Minor supplier (1.3% share)	Spain, Belgium and Germany dominate the market with sauces/condiments/seasonings and mustards. Italy supplies soups, and ice creams. Most of the imports from the U.S. are sauces, condiments and dressings.	Demand for interesting natural or exotic flavors as well as health and wellness products should provide opportunities for U.S. suppliers of sauces/condiments/seasonings, provided they are able to compete with A, B, & D.

<p>Snacks (potato and cereal based)</p> <p>Net import: 39 tons</p> <p>\$217,022</p>	<p>A. Germany (32%)</p> <p>A. United Kingdom (17%)</p> <p>A. Spain (13%)</p> <p>USA – Minor supplier</p>	<p>A, B: Dominates the market with branded products.</p> <p>C. Offers exotic flavors.</p>	<p>A few local companies and some multinational firms operate in the market.</p> <p>Demand is for new exotic flavors (olive oil, chili), healthier content or a combination of both.</p> <p>Popcorn is still on the rise, and the U.S. may offer a variety of new innovative products in the sector.</p>
<p>Beverages, including wines, spirits and alcohols</p> <p>Net import: 343 MHL</p> <p>\$197.9 million</p>	<p>A. U.K. (24%)</p> <p>B. Italy (10%)</p> <p>C. Germany (8%)</p> <p>USA – Medium supplier (5% share)</p>	<p>A, C dominate the market with branded spirits.</p> <p>B: supplies wine to France.</p>	<p>France is the world's largest wine producer.</p> <p>A market exists for third country wines, which have recorded increases during the past years. The United States is a net supplier of California wines and its market share has increased over years.</p>
<p>Pulses</p> <p>Net import: 9,544 tons</p> <p>\$12.4 million</p>	<p>A. China (29%)</p> <p>B. USA (11%)</p> <p>C. Canada (10%)</p> <p>USA is a major supplier (11% share)</p>	<p>China dominates the market with all varieties of pulses.</p> <p>USA supplies mainly beans and lentils, so does Canada.</p>	<p>France production of pulses represents 25% of total needs.</p> <p>The United States is a major, supplier in the market but has to compete with China in this segment who offers better prices, although quality is lower.</p>
<p>Cereals</p> <p>Net import: 101,389 tons</p> <p>\$43.3 million</p>	<p>A. Germany (29%)</p> <p>B. Italy (12%)</p> <p>C. Spain (11%)</p> <p>USA – major supplier (6% share)</p>	<p>A dominates the market with corn</p> <p>B & C. dominates with rice</p> <p>USA is 4th largest supplier for corn and 16th for rice.</p>	<p>Very small rice production in southern France.</p> <p>Corn is second largest grain production in France, after wheat, and represents 10% of the total agricultural production area.</p> <p>U.S. corn supplies are limited in France due to GE concerns.</p>

Source: Global Trade Atlas /French Customs

SECTION IV. BEST PRODUCT PROSPECTS

Large U.S. and other multinational food companies are well established here and their products are adapted to the French market. U.S. exporters will find existing and new market opportunities for high valued products provided they offer good quality, attractive packaging products which remain price competitive.

A. Products Identified as Opportunities for U.S. Suppliers

Product Category	Estimated Sales value in 2011 and in billion \$)	Average Annual Growth Rate (in value)	Key constraints over Market Development	Market Attractiveness for USA
Fish and Seafood	7.0	N/A	Competition from other suppliers	Health benefits and quality of US products offer opportunities for US suppliers
Citrus fruits and nuts	N/A	N/A	Competition from key established suppliers	US products are considered as quality and safety products
Coffee, tea and spices	2.1	+8%	Lack of awareness for US products	The market remains a niche for US suppliers
Canned fruits and vegetables:	8.8	+12%		
• Canned fruits, jams, marmalades	1.8	+7.2	High tariff on sugar content	Niche market
Other food products:	32.9	+13.2%		
• Sauces, condiments, & seasonings	2.8	+3%	Competition from key established multinational suppliers. Products to be GMOs free.	U.S. suppliers to provide new exotic and natural flavors and attractive packaging.
• Salted and sweet snacks	1.8	+5%	High tariff and competition from large multinational.	Demand for new flavors and healthy content. Consider U.S. products to be sold for private labels.
• Sugar, chocolate, and confectionery	6.1	+2%	High tariff, adapt to European and French regulations. Also, competition with key established multinationals.	Niche opportunities for sugar-free, low carb and functional value-added products.

Beverages:	24.0	+3.2%		
<ul style="list-style-type: none"> Quality wines 	12.1	+4%	Competition from third country wine producers, and high tariffs.	Demand for quality wines should boost U.S. sales with market driven approach to business.
<ul style="list-style-type: none"> Fruit juices 	3.1	+3%	Competition from Large groups.	U.S. suppliers offer high quality juices and concentrates – Health benefits are appreciated from customers and should benefit US products.
<ul style="list-style-type: none"> Carbonated drinks 	2.2	+4.3%	High tariffs & fierce competition from multinationals.	US suppliers should offer sugar-free and low-calorie carbonates. Attractive packaging is a plus to these drinks directed to young population.
Bakery & biscuits	7.0	+1	High tariffs due to sugar content & competition from local artisanal products.	Attractive to U.S. suppliers with high quality products, mainly for sale in gourmet stores.
Frozen foods	10.0	+3.7%	Competition from key established suppliers and multinational groups. Avoid meat products which require EU certification.	Vegetables and potato products offer opportunities as well as prepared meals, desserts and soups.
Canned and prepared meat and fish	52.7	+6.3%	EU certification required for meat and fish products	US suppliers with required certification for their product and offering innovative products can find a niche.
Pulses	1.8	-1%	Competition from key established suppliers.	U.S. suppliers carry high quality products and should continue valorizing the nutritional aspect of their pulses.

N/A = Not Available

Source: INSEE – Food Industries Production

B. Products not Present in Significant Quantities, but that Have Good Sales Potential

Product Category	Estimated sales value in 2011 in billion \$)	Average Annual Growth Rate	Key constraints over Market Development	Market Attractiveness for USA
Tropical fruits	N/A	N/A	Competition with French overseas department and territories producers (banana and pineapple) High transportation costs	French consumers are open to different flavors. U.S. suppliers may find a niche to offer tropical fruits and sale to specialized gourmet stores.
Specialty seafood, lobsters, scallops	N/A	N/A	Competition from key suppliers.	High demand for quality products. Opportunities for U.S. suppliers able to compete with key suppliers.
Sweet potatoes	N/A	N/A	The knowledge of this products is increasing.	This market is likely to become more dynamic as consumers gain product understanding. Opportunities will exist for development by U.S. sweet potato suppliers and relevant trade associations.
Baby foods	0.1	-1.2%	Competition from mainly two major groups.	Lack of time for preparation of meals, increase the demand. This market is attractive to U.S. suppliers with high quality/innovative foods and EU certification for meat products.
Dietary products including nutraceuticals	2.1	+11%	Strict EU and French regulations apply to these products.	This is a fast growing and lucrative market attractive for the numerous US suppliers.
Energy drinks	0.2	+10%	Fierce competition from 3 giants of the soft drink market and Red Bull, and strict ingredient regulations apply to these products.	Fast growing market attractive to US suppliers carrying good taste and innovative products provided they are ready to compete with the sector leaders..
Soups	0.7	-2%	Competition from local manufacturers.	Return to tradition and innovative quality products may attract U.S. suppliers.
Pet foods	2.1	+6.5%	Competition from multinational groups. Pet plants require certification.	Growing number of pets stimulates demand for conventional and organic pet foods.
Organic foods	4.7	+3.5%	Strict EU regulations on production and countries equivalency apply for imported products from third countries. Note that the US has an equivalence arrangement with the EU.	Increasing health-concern and various food crisis boosted this market segment. Attractiveness for US organic food suppliers with innovative products.
Certain varieties of nuts (Cajun, pecan, macadamia)	N/A	N/A	Retail market for certain nut varieties is still a niche. The product is not mainstream and is mainly consumed as snack mix for aperitif and for special occasions	This market is likely to become more dynamic as consumers gain product awareness and receptive to new taste and texture.

			(Christmas)	
Prepared ready-to-eat ethnic foods and meals	6.4	N/A	Competition from key established suppliers. EU plant certification for meals containing meat.	Demand for new flavors and ethnic pre-prepared foods provide opportunities for US suppliers able to compete with key suppliers.
Kosher foods	9.1	+15%	Competition from local wholesalers and key suppliers. Products to be certified Kosher by religious authorities.	Religious and health concerns boost sales of kosher products beyond the community offering opportunities for US suppliers.
Halal foods	7.6	+10%	Competition from multinational groups and key suppliers. Products to be certified Halal by religious authorities.	A large Muslim population in France generates a 10 % annual increase in Halal foods offering opportunities for US suppliers.
Ice creams	1.5 (home consumption only)	+5.5%	Competition from large groups. EU regulations and certification	US suppliers with high quality innovative products may find a niche in this market.

N/A = Not Available

Source: INSEE/LSA Magazine

C. Products not Present Because They Face Significant Trade Barriers

- Vitamin-enriched flour
- Meat and Poultry products
- Alligator meat

For more information on product trade restrictions within the European Union, please refer to US/EU Mission Food and Agricultural Import Regulation and Standards Report (FAIRS) available at:

<http://useu.usmission.gov/agri/usda/html>

SECTION V. POST CONTACT AND FURTHER INFORMATION

Internet Home Pages

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

USDA/ Foreign Agriculture Service <http://www.fas.usda.gov>

U.S. Mission to the European Union <http://useu.usmission.gov/agri/usda/html>

European Importer Directory <http://www.american-foods.org>

FAS/Paris <http://www.usda-france.fr>

Web site for Professional Trade Shows and Events <http://www.salons-online.com>

Questions/Comments and Assistance

If you have any questions or comments regarding this report, need assistance exporting to France or desire French buyers contact lists, please get in touch with the U.S. Agricultural Affairs Office in Paris at:

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Please view our Home Page for more information on exporting U.S. food and beverage and find list of French market sector/briefs and other detailed reports.